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PRIORITY

DE WTE #4600 262153Z

P 200301Z SEP 76

FM THE SITUATION ROOM//TOHAK 46//

TO COVEY/PASSAGE/RODMAN FOR THE SECRETARY

TOP SECRET SENSITIVE EYES ONLY CONTAINS CODEWORD

VIA BLACK PATCH WH81384

TOHAK 46

NSA and NGA Review's completed

SEPTEMBER 26, 1976

MEMORANDUM FOR:
FROM: 25X1
SUBJECT:

25X1

THE PRESIDENT
BRENT SCOWCROFT
INFORMATION ITEMS

SAUDI POSITION ON OPEC PRICE INCREASE:

SENIOR OFFICIALS OF THE ORGANIZATION OF ARAB PETROLEUM EXPORTING COUNTRIES EXPECT THE PRICE OF MARKET CRUDE TO BE INCREASED BY ONLY SIX TO EIGHT PERCENT AT THE DECEMBER OPEC OIL MINISTERS' MEETING IN QATAR. THESE OFFICIALS BELIEVE SAUDI ARABIA WILL TRY TO HOLD DOWN THE PRICE RISE, WITH ALGERIAN, KUWAITI, AND, PERHAPS, IRANNESTAN SUPPORT -- THE LATTER REFLECTING INFLUENCE GAINED BY RECENT LOANS. SUCH A MOVE BY THE SAUDIS PROBABLY AMOUNTS TO AN EFFORT TO HEAD OFF AN EARLY LINING UP OF SUPPORT FOR A LARGER INCREASE BY THE 15 TO 20 PERCENT "HAWKS," SUCH AS IRAQ. THE SAUDIS PROBABLY HOPE THEREBY TO HOLD OPEN THE OPTION OF A PRICE HIKE OF AROUND 10 PERCENT. THERE IS MUCH SPECULATION ON WHAT THE QATAR MEETING WILL FINALLY DECIDE, WITH THE GUESSES ON THE INCREASE RANGING FROM 6 TO 20 PERCENT. THE FINAL DECISION WILL BE INFLUENCED BY THE STATUS OF THE ECONOMIC RECOVERY IN THE INDUSTRIALIZED COUNTRIES; THE DEGREE TO WHICH OPEC CAN SETTLE THE PRICE DIFFERENTIAL ISSUE BY THAT TIME; AND THE PROGRESS THAT HAS BEEN MADE IN CIEC AND OTHER NORTH-SOUTH NEGOTIATIONS.

ON-FILE NSC RELEASE INSTRUCTIONS APPLY

MORI Merged
C02436520 and
C03205124

NEW SOVIET ATTACK ON U.S. DEFENSE SPENDING: THE USSR RESUMED ITS PRESS CAMPAIGN AGAINST U.S. DEFENSE SPENDING

***** W H S R COMMENT *****

SDD, SECFILE (4)

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ON SEPTEMBER 16 WITH A TASS ARTICLE CRITICIZING YOUR PLANNED APPROVAL OF THE FY-77 U.S. DEFENSE BUDGET, TASS COMMENTATOR YURIY MAKSIMOV ASSERTED THAT THE U.S. ARMS BUILDUP WAS A MATTER FOR WORLD CONCERN AND ACCUSED THE PENTAGON AND THE "MILITARY-INDUSTRIAL COMPLEX" OF LEADING ALONG THE U.S. LEADERSHIP. MAKSIMOV DISMISSED THE IDEA OF A SOVIET THREAT AS A "MILITARIST" FANTASY, AND HE ASSERTED THAT THE USSR IS IN FACT REDUCING THE SOVIET MILITARY'S SHARE OF THE STATE BUDGET. FINALLY, MAKSIMOV CALLED ON YOU TO HONOR THE U.S. COMMITMENT TO THE HELSINKI ACCORDS. MAKSIMOV'S ARTICLE REPEATED FAMILIAR THEMES OF THE RECENT CAMPAIGN: THE MYTH OF THE SOVIET THREAT, THE CHARGE THAT THE U.S. IS ACCELERATING THE ARMS RACE, AND THE ASSERTION THAT THE PENTAGON PRESENTLY CONTROLS THE U.S. DECISION-MAKING PROCESS. MAKSIMOV'S ARTICLE AND OTHER SOVIET COMMENTARIES PROBABLY REFLECT A GENUINE CONCERN AMONG SOVIET LEADERS OVER U.S. DEFENSE SPENDING AND THE INCREASING PUBLIC AWARENESS WITHIN THE U.S. OF THE HIGH-LEVEL OF SOVIET MILITARY EXPENDITURES.

SOVIET COMMENT ON THE U.S. ELECTION CAMPAIGN: AS THE RACE OF THE ELECTION QUICKENS, MOSCOW HAS NOTED THAT GOVERNOR CARTER'S EARLY LEAD IN PUBLIC OPINION POLLS HAS BEEN "SUBSTANTIALLY REDUCED." PRAVDA ON SEPTEMBER 8 CONCLUDED THAT CHANCES FOR VICTORY ARE "VIRTUALLY IDENTICAL" FOR BOTH CANDIDATES AT THE MOMENT. MOSCOW HAS SUGGESTED THAT AN IMPORTANT FACTOR IN CARTER'S DECLINE IN THE POLLS HAS BEEN HIS "INCONSISTENCY" ON FOREIGN POLICY AND DOMESTIC ISSUES. RECENTLY, BOTH YOU AND CARTER HAVE BECOME THE TARGET OF STERNER TREATMENT BY SOVIET MEDIA, PARTICULARLY REGARDING ARMS CONTROL AND DISARMAMENT ISSUES.

25X1

YUGOSLAV CONCERN OVER REPORTED PRESENCE OF TERRORIST CARLOS

VISITED BELGRADE, CLAIMING THAT THE PERSON IN QUESTION WAS A LOOKALIKE. ACCORDING TO SUBSEQUENT INFORMATION, CARLOS LEFT BELGRADE FOR BAGHDAD AFTER GIVING UP HIS INTENTION TO TRAVEL TO WESTERN EUROPE.

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